

VORNADO REALTY LP
Form 424B3
March 23, 2007

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The information in this preliminary prospectus supplement is incomplete and may be changed.

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-138367

SUBJECT TO COMPLETION DATED MARCH 21, 2007

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus Dated November 1, 2006)

\$1,400,000,000
Vornado Realty Trust
2.85% Convertible Senior Debentures due 2027
Fully and Unconditionally Guaranteed by
Vornado Realty L.P.

The debentures will bear interest at a rate of 2.85% per year. We will pay interest on the debentures on March 15 and September 15 of each year, beginning on September 15, 2007. We may not redeem the debentures prior to March 20, 2012 except to the extent necessary to preserve our status as a real estate investment trust. On or after March 20, 2012, we may redeem all or part of the debentures for cash at 100% of the principal amount of the debentures plus accrued and unpaid interest, if any. On each of March 15, 2012, March 15, 2017 and March 15, 2022, holders may require us to repurchase debentures in cash at 100% of the principal amount of the debentures plus accrued and unpaid interest, if any. Holders of the debentures may also require us to repurchase the debentures for cash upon certain change in control transactions, as described in this prospectus supplement. The debentures are unsecured and rank equally among themselves and with all of our other unsecured and unsubordinated indebtedness. We will issue the debentures only in registered form in denominations of \$1,000.

Vornado Realty L.P. will guarantee all payments due on the debentures. The guarantee will be an unsecured and unsubordinated obligation of Vornado Realty L.P. and will rank equally with all of Vornado Realty L.P.'s other unsecured and unsubordinated indebtedness from time to time outstanding.

The debentures are convertible under the circumstances described in this prospectus supplement. Subject to certain exceptions described under "Description of Debentures and Guarantee," upon conversion of the debentures we will deliver cash and our common shares, if any, with an aggregate value, which we refer to as the "conversion value", equal to the conversion rate multiplied by the average price of our common shares, as defined herein, as follows: (i) an amount in cash, which we refer to as the "principal return", equal to the lesser of (a) the principal amount of debentures surrendered for conversion and (b) the conversion value; and (ii) if the conversion value is greater than the principal return, an amount, which we refer to as the "net amount", with a value equal to the difference between the conversion value and the principal return. We may pay the net amount, at our option, in cash, our common shares or a combination of cash and our common shares.

The initial conversion rate for each \$1,000 principal amount of debentures is 6.1553. This is equivalent to an initial conversion price of approximately \$162.46 per common share. In addition, if certain transactions that constitute a change in control occur on or prior to March 20, 2012, and a holder elects to convert debentures in connection with such transaction, we will increase the conversion rate in connection with such transaction. On March 21, 2007, the last reported sale price for our common shares on the New York Stock Exchange was \$124.97 per share. Our common shares are listed under the symbol "VNO."

	Per Note	Total
Public Offering Price	%	\$
Underwriting discounts	%	\$

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Offering Proceeds to Vornado, before expenses

98.0%

\$1,372,000,000

Interest on the debentures will accrue from March 27, 2007 and must be paid by the purchaser if the debentures are delivered after March 27, 2007.

The underwriters have an option for 30 days from the date of this prospectus supplement to purchase up to an additional \$210,000,000 in principal amount of debentures from us to cover over-allotments of the debentures, if any.

Investing in the debentures involves risks. See "Risk Factors" beginning on page S-8 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the debentures or the guarantee or determined if this prospectus supplement and the accompanying prospectus are truthful and complete. Any representation to the contrary is a criminal offense.

The debentures will be ready for delivery in book-entry form only through The Depository Trust Company on or about March 27, 2007.

JPMorgan

Citigroup

Deutsche Bank Securities

Lehman Brothers

The date of this prospectus supplement is March , 2007.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus supplement and the accompanying prospectus, or incorporated by reference in the accompanying prospectus, constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Our future results, financial condition and business may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as "approximates," "believes," "expects," "anticipates," "estimates," "intends," "plans," "would," "may" or other similar expressions in this prospectus supplement and the accompanying prospectus or the documents incorporated by reference.

These forward-looking statements represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Many of the factors that will determine these items are beyond our ability to control or predict. Factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to, those listed under the caption "Risk Factors" in our Annual Report on Form 10-K and Vornado Realty L.P.'s Annual Report on Form 10-K for the year ended December 31, 2006 and under the caption "Risk Factors" in this prospectus supplement as well as the following possibilities:

national, regional and local economic conditions;

consequences of any armed conflict involving, or terrorist attack against, the United States;

our ability to secure adequate insurance;

local conditions such as an oversupply of space or a reduction in demand for real estate in the area;

competition from other available space;

whether tenants and users such as customers and shoppers consider a property attractive;

the financial condition of our tenants, including the extent of tenant bankruptcies or defaults;

whether we are able to pass some or all of any increased operating costs through to our tenants;

how well we manage our properties;

fluctuations in interest rates;

changes in real estate taxes and other expenses;

changes in market rental rates;

the timing and costs associated with property improvements and rentals;

changes in taxation or zoning laws;

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government regulation;

our failure to continue to qualify as a real estate investment trust;

availability of financing on acceptable terms or at all;

potential liability under environmental or other laws or regulations; and

general competitive factors.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this prospectus

S-i

supplement or, if applicable, the date of the applicable documents incorporated by reference. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances after the date of this prospectus supplement or to reflect the occurrence of unanticipated events. For more information on the uncertainty of forward-looking statements, see "Risk Factors" in our Annual Report on Form 10-K and Vornado Realty L.P.'s Annual Report on Form 10-K for the year ended December 31, 2006.

S-ii

PROSPECTUS SUPPLEMENT SUMMARY

The information below is only a summary of more detailed information included elsewhere in this prospectus supplement, the accompanying prospectus or incorporated by reference in the accompanying prospectus. This summary may not contain all the information that is important to you or that you should consider before buying debentures in this offering. The other information is important, so please read this entire prospectus supplement and the accompanying prospectus, as well as the information incorporated by reference, carefully.

As used in this prospectus supplement, the terms "we," "us," "our," and "Vornado" refer to Vornado Realty Trust and its subsidiaries, including Vornado Realty L.P., except where it is clear that the term means only the parent company. References to the "guarantor" refer only to Vornado Realty L.P.

Vornado Realty Trust and Vornado Realty L.P.

We are a fully-integrated real estate investment trust organized under the laws of Maryland. We conduct our business through, and substantially all of our interests in properties are held by, Vornado Realty L.P. We are the sole general partner of, and owned approximately 89.9% of the common limited partnership interest in, Vornado Realty L.P. as of December 31, 2006.

At December 31, 2006, Vornado Realty Trust, through Vornado Realty L.P., owned directly or indirectly:

Office Properties:

all or portions of 116 office properties aggregating approximately 31.7 million square feet in the New York City metropolitan area (primarily Manhattan) and in the Washington, D.C. and Northern Virginia area;

Retail Properties:

158 retail properties in 21 states, Washington, D.C. and Puerto Rico aggregating approximately 19.3 million square feet, including 3.3 million square feet built by tenants on land leased from us;

Merchandise Mart Properties:

9 properties in five states aggregating approximately 9.2 million square feet of showroom and office space, including the 3.4 million square foot Merchandise Mart in Chicago;

Temperature Controlled Logistics:

a 47.6% interest in Americold Realty Trust, which owns and operates 91 cold storage warehouses nationwide;

Toys "R" Us, Inc.:

a 32.9% interest in Toys "R" Us, Inc., which owns and/or operates 1,325 stores worldwide, including 587 toy stores and 248 Babies "R" US stores in the United States and 490 stores internationally;

Other Real Estate Investments:

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32.8% of the common stock of Alexander's, Inc. (NYSE: ALX), which has seven properties in the greater New York metropolitan area;

the Hotel Pennsylvania in New York City consisting of a hotel portion containing 1.0 million square feet with 1,700 rooms and a commercial portion containing 400,000 square feet of retail and office space;

S-1

mezzanine loans to real estate related companies; and

interests in other real estate, including interests in other public companies that own and manage office, industrial and retail properties net leased to major corporations and student and military housing properties throughout the United States; 7 dry warehouse/industrial properties in New Jersey containing approximately 1.5 million square feet; and other investments and marketable securities.

Our principal executive offices are located at 888 Seventh Avenue, New York, New York 10019, and our telephone number is (212) 894-7000.

Recent Developments

On March 16, 2007, we announced that we have entered into an agreement to acquire a 70% controlling interest in 1290 Avenue of the Americas, a 2.0 million square foot Manhattan office building, located on the entire blockfront between 51st and 52nd Streets on Avenue of the Americas, and the 555 California Street office complex containing 1.8 million square feet, known as the Bank of America Center, located at California and Montgomery Streets in San Francisco's financial district. 1290 Avenue of the Americas, whose largest tenants include AXA, Morrison & Foerster, Bryan Cave and Microsoft, is 100% leased. 555 California Street, whose largest tenants include Bank of America, UBS and Goldman Sachs, is 94% leased.

The purchase price for Vornado's 70% interest in the real estate is approximately \$1.807 billion, consisting of \$1.010 billion of cash and \$797 million of existing debt. Vornado's share of the debt is comprised of \$308 million secured by 1290 Avenue of the Americas and \$489 million secured by 555 California Street. The preliminary allocation of the purchase price is approximately \$775 per square foot for 1290 Avenue of the Americas and approximately \$575 per square foot for 555 California Street, based on current measurement of the buildings.

Vornado's 70% interest is being acquired through the purchase of all of the shares of a group of foreign companies that own, through U.S. entities, the 1% sole general partnership interest and limited partnership interests comprising 69% of the partnerships that own the two properties. The remaining 30% limited partnership interest is owned by Donald J. Trump.

In August 2005, Mr. Trump brought a lawsuit in the New York State Supreme Court against, among others, the general partners of the partnerships referred to above. Mr. Trump's claims arose out of a dispute over the sale price of, and use of proceeds from, the sale of properties located on the former Penn Central rail yards between West 59th and 72nd Streets in Manhattan which were formerly owned by the partnerships. In decisions dated September 14, 2005 and July 24, 2006, the Court denied various of Mr. Trump's motions and ultimately dismissed all of Mr. Trump's claims, except for his claim seeking access to books and records, which remains pending. Mr. Trump has sought reargument and renewal on, and filed a notice of appeal in connection with, his dismissed claims. Vornado has agreed to indemnify the sellers in this transaction for certain of their liabilities and expenses arising out of Mr. Trump's claims.

This acquisition is expected to close in the second quarter of 2007, subject to customary closing conditions.

The Offering

Issuer	Vornado Realty Trust
Guarantor	Vornado Realty L.P. We are the sole general partner of, and as of December 31, 2006, owned approximately 89.9% of the common limited partnership interest in, Vornado Realty L.P.
Debentures Offered	\$1,400,000,000 aggregate principal amount of 2.85% Convertible Senior Debentures due 2027 (\$1,610,000,000, if the underwriters' over-allotment option is exercised in full). The debentures are convertible in the circumstances described below.
Public Offering Price	% of the principal amount of each debenture plus accrued and unpaid interest, if any, from March 27, 2007. Interest must be paid by the purchaser if the debentures are delivered after March 27, 2007.
Maturity	March 15, 2027.
Ranking of the Debentures	The debentures will rank equally among themselves and with all other unsecured and unsubordinated indebtedness of Vornado Realty Trust. At December 31, 2006:
	Vornado Realty Trust had issued \$1,000,000,000 aggregate principal amount of unsecured and unsubordinated indebtedness, all of which is guaranteed by Vornado Realty L.P. Vornado Realty Trust is a guarantor of Vornado Realty L.P.'s \$1.0 billion revolving credit agreement, and as of December 31, 2006, there were no outstanding borrowings thereunder;
	Vornado Realty L.P., the guarantor of the debentures, had issued \$1,700,000,000 aggregate principal amount of unsecured and unsubordinated indebtedness, all of which will effectively rank equally with Vornado Realty L.P.'s obligations under the guarantee; and
	subsidiaries of Vornado Realty L.P. had outstanding approximately \$6,886,884,000 of indebtedness, all of which will effectively rank senior to the debentures and the obligation of Vornado Realty L.P. under the guarantee, and substantially all of which is secured. This amount excludes \$3,323,007,000 of indebtedness representing our proportionate share of indebtedness of non-consolidated entities.
	Vornado Realty L.P. has no secured indebtedness other than secured indebtedness of its subsidiaries.
	For more information on ranking, see "Description of Debentures and Guarantee Ranking."
Ranking of the Guarantee	The guarantee is an unsecured and unsubordinated obligation of Vornado Realty L.P. See " Ranking of the Debentures" above for additional information regarding indebtedness of Vornado Realty L.P.

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Trading	The debentures are a new issue of securities with no established trading market. We do not intend to apply for listing of the debentures on any securities exchange. The underwriters have advised us that they intend to make a market in the debentures, but are not obligated to do so and may discontinue market-making at any time without notice. See "Underwriting" for more information about possible market-making by the underwriter.
Interest	The debentures will bear interest at a rate of 2.85% per year. Interest will be payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2007. If an interest payment date is not a business day, the interest payment date will be postponed to the next succeeding business day.
Voting Rights	Holder of debentures will have no voting rights as shareholders of Vornado Realty Trust.
Initial Conversion Rate	6.1553.
Conversion Rights	<p>Holders may convert their debentures prior to the close of business on the second business day prior to stated maturity at the applicable conversion rate for cash, our common shares or a combination of cash and our common shares, as described below under "Conversion Settlement", at any time on and after March 15, 2026 and also under any of the following circumstances:</p> <ul style="list-style-type: none"> during any measurement period, if at any time the closing sale price of our common shares is more than 125% of the conversion price per share of our common shares on the first day of such measurement period for at least 20 trading days in the period of 30 consecutive trading days beginning on the first day of such measurement period; a measurement period is the period from and including the eleventh trading day in a fiscal quarter up to but excluding the 11th trading day of the following quarter; during the five consecutive trading-day period following any 20 consecutive trading-day period in which the average of the trading prices for a debenture was less than 98% of the average closing sale price of our common shares multiplied by the applicable conversion rate; if the debentures have been called for redemption, at any time prior to the close of business two business days prior to the redemption date; during prescribed periods upon the occurrence of specified transactions described under "Description of Debentures and Guarantee Conversion Rights"; or if our common shares are not listed on a U.S. national securities exchange for 30 consecutive trading days. <p>The initial conversion rate for each \$1,000 principal amount of debentures surrendered for conversion will be 6.1553 common shares. This is equivalent to an initial conversion price of \$162.46 per common share. In addition, if certain corporate transactions that constitute a change in control occur on or prior to March 20, 2012, and a holder elects to convert debentures in connection with such transaction, we will increase the conversion rate in connection with such transaction. See "Description of Debentures and Guarantee Conversion Rights Make Whole Amount Upon Certain Change in Control Transactions."</p>

The conversion rate may also be adjusted under certain circumstances, including the payment of cash dividends in excess of \$0.85 per share per quarter following the date of issuance of the debentures, but will not be adjusted for accrued interest. By delivering to the holder cash and our common shares, if any, we will satisfy our obligation with respect to the debentures subject to the conversion. Accordingly, upon conversion of a debenture, accrued and unpaid interest will be deemed to be paid in full, rather than cancelled, extinguished or forfeited. Debentures called for redemption may be surrendered for conversion until the close of business two business days prior to the redemption date.

Conversion Settlement

Subject to certain exceptions described under "Description of Debentures and Guarantee," we will deliver cash and, at our election, our common shares with an aggregate value, which we refer to as the "conversion value", equal to the conversion rate multiplied by the average price of our common shares as follows: (i) an amount in cash, which we refer to as the "principal return," equal to the lesser of (a) the principal amount of the converted debentures and (b) the conversion value and (ii) if the conversion value is greater than the principal return, an amount with a value equal to the difference between the conversion value and the principal return, which we refer to as the "net amount." The net amount may be paid, at our option, in cash, our common shares or a combination of cash and our common shares. We refer to any cash delivered upon a conversion of debentures as part of the net amount as the "net cash amount" and we refer to any common shares delivered upon a conversion of debentures as the "net shares." Any portion of the net amount that we elect to issue as net shares will be equal to the sum of the daily share amounts (calculated as described under "Description of Debentures and Guarantee Conversion Rights Conversion Settlement" in this prospectus supplement) for each trading day in the 10 consecutive trading-day period referred to below, except that we will pay cash in lieu of any fractional common shares issuable, at our option, as net shares based on the average price of our common shares.

The "average price" of our common shares will be equal to the average of the closing sale prices of our common shares over the 10 consecutive trading-day period commencing on the third trading day following the date the debentures are tendered for conversion.

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	<p>We will pay the principal return and cash for fractional shares, and deliver net shares or pay the net cash amount, as applicable, to holders upon a conversion of their debentures no later than the third business day following the last trading day of the 10 consecutive trading-day period referred to above.</p>
Redemption of the Debentures at Our Option	<p>Prior to March 20, 2012, we may not redeem the debentures except to preserve our status as a real estate investment trust. On or after March 20, 2012, we may redeem for cash all or part of the debentures at any time, upon not less than 30 nor more than 60 days' prior notice by mail to holders of the debentures, at 100% of the aggregate principal amount of the debentures, plus accrued and unpaid interest, if any, to the redemption date. For more information about redemption of the debentures at our option, see "Description of Debentures and Guarantee Redemption Rights."</p>
Purchase of Debentures at Your Option	<p>You have the right to require us to repurchase the debentures on March 15, 2012, March 15, 2017 and March 15, 2022, each of which we refer to as a "repurchase date." In each case, the repurchase price will be payable in cash and will be equal to 100% of the principal amount of the debentures plus accrued and unpaid interest, if any. For more information about the purchase of the debentures at your option, see "Description of Debentures and Guarantee Repurchase Rights."</p>
Change in Control	<p>If we undergo certain change in control transactions prior to March 15, 2012, you will have the option to require us to repurchase all of your debentures not previously called for redemption, or any portion thereof, for cash at a purchase price equal to 100% of the principal amount of the debentures, plus accrued and unpaid interest, if any. For more information about the repurchase of the debentures at your option following a change in control, see "Description of Debentures and Guarantee Repurchase at Option of Holders upon a Change in Control."</p>
Make Whole Amount	<p>If certain transactions that constitute a change in control occur on or prior to March 20, 2012, under certain circumstances, we will increase the conversion rate by a number of additional common shares for any conversion of debentures in connection with such transactions, as described under "Description of Debentures and Guarantee Conversion Rights Make Whole Amount Upon Certain Change in Control Transactions." The amount of additional shares will be determined based on the date such transaction becomes effective and the price paid per common share in such transaction.</p>
Tax; Original Issue Discount	<p>The debentures and the common shares issuable upon conversion of the debentures will be subject to special and complex United States federal income tax rules. For example, the debentures may be issued with "original issue discount" (within the meaning of Section 1272 of the Internal Revenue Code of 1986, as amended). The tax rules governing instruments that have original issue discount generally require the accrual of income using a constant yield to maturity (with the maturity treated for this purpose as 2012, when the holder's right to require a redemption first becomes exercisable). As a result of the original issue discount rules, if the debentures are issued with original issue discount, holders would recognize taxable interest income from the debentures in advance of the receipt of cash payments to which such income is attributable. Prospective investors are strongly urged to consult their own tax advisors with respect to the federal, state, local and foreign tax consequences of purchasing, owning and disposing of the debentures and common shares. See "Supplemental Federal Income Tax Considerations."</p>

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Use of Proceeds	We will use the net proceeds from this offering to acquire indebtedness or other securities of Vornado Realty L.P. Vornado Realty L.P. intends to use the net proceeds from the sale of the debentures for working capital and other corporate purposes. See "Use of Proceeds."
Restrictions on Ownership	In order to maintain our qualification as a REIT for federal income tax purposes, ownership by any person of more than 6.7% of our outstanding common shares is restricted. Shares owned in excess of such limits shall be deemed "excess shares" pursuant to our declaration of trust, in which case the holder will lose certain ownership rights with respect to such shares and we will have the right to purchase such excess shares from the holder. See "Description of Debentures and Guarantee Ownership Limit" in this prospectus supplement and "Federal Income Tax Considerations" in the accompanying prospectus.
Book-Entry Form	The debentures will be issued in book-entry form and will be represented by permanent global certificates deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company, commonly known as DTC, in New York, New York. Beneficial interests in any of the debentures will be shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants and any such interest may not be exchanged for certificated debentures, except in limited circumstances.
Risk Factors	You should read carefully "Risk Factors" beginning on page S-8 of this prospectus supplement.

S-7

RISK FACTORS

You should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones that we face. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of the debentures and our common shares could decline due to any of these risks, and you may lose all or part of your investment. This prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and under "Risk Factors" in the Annual Reports on Form 10-K for the year ended December 31, 2006 of us and Vornado Realty L.P., which are incorporated by reference in the accompanying prospectus.

Risks Related to this Offering and the Debentures

We may not have the funds necessary to repurchase the debentures for cash on specified dates or following a change in control.

Upon a conversion of debentures, we will be required to pay the principal return of such debentures in cash. Holders of the debentures also have the right to require us to repurchase the debentures in cash on specified dates or upon the occurrence of a change in control prior to maturity. Any of our future debt agreements may contain similar provisions. We may not have sufficient funds to pay the principal return in cash or make the required purchase in cash at such time or the ability to arrange necessary financing on acceptable terms. In addition, our ability to pay the principal return or to purchase the debentures may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. However, if we fail to pay the principal return or purchase the debentures as required by the indenture, that would constitute an event of default under the indenture governing the debentures which, in turn, may constitute an event of default, and result in the acceleration of the maturity, of our then existing indebtedness, under another indenture or other agreement, which would further restrict our ability to make such payments.

Vornado Realty L.P.'s guarantee will be effectively subordinate to all liabilities of Vornado Realty L.P.'s subsidiaries.

The guarantee will be an unsecured and unsubordinated obligation of Vornado Realty L.P. and will rank equally with all other unsecured and unsubordinated obligations of Vornado Realty L.P. from time to time outstanding. At December 31, 2006, Vornado Realty L.P. had issued \$1,700,000,000 aggregate principal amount of unsecured and unsubordinated indebtedness, all of which will effectively rank equally with Vornado Realty L.P.'s obligations under the guarantee. Vornado Realty L.P.'s obligations under the guarantee of the debentures will be effectively subordinated to all liabilities of Vornado Realty L.P.'s subsidiaries. At December 31, 2006, subsidiaries of Vornado Realty L.P. had outstanding approximately \$6,886,884,000 of indebtedness, all of which will effectively rank senior to the debentures and the obligations of Vornado Realty L.P. under the guarantee, and substantially all of which is secured. This amount excludes \$3,323,007,000 of indebtedness representing our and Vornado Realty L.P.'s proportionate share of indebtedness of non-consolidated entities.

There is currently no public market for the debentures, and an active trading market may not develop for the debentures. The failure of a market to develop for the debentures could adversely affect the liquidity and value of your debentures.

The debentures are a new issue of securities, and there is no existing market for the debentures. We do not intend to apply for listing of the debentures on any securities exchange or for quotation of

the debentures on any automated dealer quotation system. A market may not develop for the debentures, and if a market does develop, it may not be sufficiently liquid for your purposes. If an active, liquid market does not develop for the debentures, the market price and liquidity of the debentures may be adversely affected. If any of the debentures are traded after their initial issuance, they may trade at a discount from their initial offering price.

The liquidity of the trading market, if any, and future trading prices of the debentures will depend on many factors, including, among other things, the market price of our common shares, prevailing interest rates, our operating results, financial performance and prospects, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in these factors. Historically, the market for convertible debt has been subject to disruptions that have caused volatility in prices. The market for the debentures may be subject to disruptions that could have a negative effect on the holders of the debentures, regardless of our operating results, financial performance or prospects.

The conditional conversion feature of the debentures may prevent the conversion of debentures prior to March 15, 2026. In addition, upon conversion of debentures, we may determine to pay only in cash.

The debentures are convertible prior to the close of business on the second business day prior to the stated maturity date, at any time on or after March 15, 2026, and also if the closing sale price of our common shares reaches a specified threshold over a specified time period, if the trading price of the debentures is below a specified threshold for a specified time period or if certain specified transactions or events occur and then only at prescribed times. See "Description of Debentures Conversion Rights" in this prospectus supplement. If these conditions are not met, holders of debentures will not be able to convert their debentures prior to March 15, 2026, and therefore may not be able to receive the value of the consideration into which the debentures would otherwise be convertible. In addition, even if such conditions are met, upon the conversion of debentures, we are required to pay the principal return in cash and, to the extent any net amount exists, we may elect to pay the entire net amount in cash. As a result, upon conversion of a debenture, a holder will not be able to obtain the benefit of future ownership of our common shares and, in order to do so, would be required to incur the related transaction costs to purchase our common shares with the cash consideration received upon such conversion, including a sufficient number of common shares that the holder may require in order to cover any related short position.

The debentures do not restrict our ability to incur additional debt, repurchase our securities or to take other actions that could negatively impact holders of the debentures.

We are not restricted under the terms of the debentures from incurring additional debt, including secured debt, or repurchasing our securities. In addition, the limited covenants applicable to the debentures do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the debentures could have the effect of diminishing our ability to make payments on the debentures when due. Certain of our other debt instruments may, however, restrict these and other actions.

If you hold debentures, you will not be entitled to any rights with respect to our common shares, but you will be subject to all changes made with respect to our common shares.

If you hold debentures, you will not be entitled to any rights with respect to our common shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common shares), but you will be subject to all changes affecting the common shares. You will only be entitled to rights on the common shares if and when common shares are delivered to you upon conversion of your debentures. For example, in the event that an amendment is proposed to our

declaration of trust or bylaws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to your conversion of debentures, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common shares or other classes of capital stock.

The conversion rate of the debentures may not be adjusted for all dilutive events.

The conversion rate of the debentures is subject to adjustment for certain events including, but not limited to, certain dividends on our common shares, the issuance of certain rights or warrants, subdivisions or combinations of our common shares, certain distributions of assets, debt securities, capital stock or cash to holders of our common shares and certain tender or exchange offers as described under "Description of Debentures and Guarantee Conversion Rate Adjustments." The conversion rate will not be adjusted for other events, such as an issuance of common shares for cash that may adversely affect the trading price of the debentures and our common shares. There can be no assurance that an event that adversely affects the value of the debentures, but does not result in an adjustment to the conversion rate, will not occur.

The definition of a change in control requiring us to repurchase debentures is limited and therefore the market price of the debentures may decline if we enter into a transaction that is not a change in control under the debentures.

The term "change in control," as used in the debentures, is limited and may not include every event that might cause the market price of the debentures to decline. As a result, our obligation to repurchase the debentures upon a change in control may not preserve the value of the debentures in the event of a highly leveraged transaction, merger or similar transaction.

Upon conversion of their debentures, holders may receive less consideration than expected because the market price of our common shares may decline during the conversion period.

The conversion value that holders will receive upon conversion of their debentures will be determined based on a daily conversion value calculated based on the closing sale price of our common shares for each of the 10 consecutive trading days beginning on the third trading day following the date the debentures are tendered for conversion. Accordingly, if the price of our common shares decreases after the conversion right is exercised, the conversion value will be adversely affected.

The net share settlement feature of the debentures may have adverse consequences.

The net share settlement feature of the debentures, as described under "Description of Debentures and Guarantee Conversion Rights Conversion Settlement" in this prospectus supplement, may:

result in holders receiving no shares upon conversion or fewer shares relative to the conversion value of the debentures;

reduce our liquidity because we will be required to pay the principal return in cash and all or a portion of the net amount, if any, may be paid, at our option, in cash as well;

delay holders' receipt of the proceeds upon conversion; and

subject holders to market risk before receiving any shares upon conversion.

The accounting method for convertible debt securities with net share settlement, like the debentures, may be subject to change, and such changes may result in greater dilution than net share settlement.

The accounting method for convertible debt securities with net share settlement, like the debentures, may be subject to change, and such changes may result in (i) the bifurcation of the debt instrument upon issuance between the liability component settleable only in cash and the equity component settleable in either cash or Vornado shares, at our option and (ii) the recognition of additional interest expense as a result of amortizing over the period to the earliest redemption of the security the discount in the liability component for the amount of the proceeds allocated to the equity component. For the purpose of calculating diluted earnings per share, a convertible debt security providing for net share settlement and meeting specified requirements under U.S. generally accepted accounting principles ("GAAP") may be accounted for similar to non-convertible debt, with the stated coupon constituting interest expense and any shares potentially issuable upon conversion of the security included in the denominator for the calculation of diluted earnings per share. The shares potentially issuable upon conversion are not included in the calculation of diluted earnings per share of Vornado Realty Trust until the debentures are "in the money." The Emerging Issues Task Force ("EITF"), of the Financial Accounting Standards Board is considering alternatives to the treatment discussed above, including treatments that would result in additional interest expense as a result of amortizing the amount allocated to the equity component over the term of the instrument and adversely impact income available to common shareholders. We cannot determine now the outcome of the EITF deliberations and whether the EITF will require that net share settled securities be accounted for under the existing method, one of the proposed methods under consideration, or some other method, and when any change would be implemented or whether it would be implemented retroactively or prospectively. We also cannot determine now any other changes in GAAP that may be made affecting accounting for convertible debt securities. Any change in the accounting method for convertible debt securities could have an adverse impact on our future financial results. These changes could adversely affect the price of our common shares and, in turn, negatively impact the trading price of the debentures.

Federal Income Tax Risks Related to the Debentures

Certain of the possible adjustments to the conversion price (or the failure to make certain adjustments to the conversion price) will result in a deemed distribution from us to a holder of a debenture.

The conversion price of the debentures is subject to adjustment under certain circumstances. If certain of the possible adjustments to the conversion price of the debentures are made, a holder will be deemed to have received a distribution from us. We intend to withhold federal income tax on any deemed distribution from us from cash payments of interest otherwise payable on the debentures or from our common shares otherwise deliverable to a holder upon conversion of a debenture for our common shares. See "Supplemental Federal Income Tax Considerations" in this prospectus supplement.

USE OF PROCEEDS

The net proceeds from the sale of the debentures, before deduction of estimated offering expenses, are estimated to be approximately \$1,372,000,000 (approximately \$1,577,800,000 if the underwriters exercise their option in full to purchase additional debentures).

We will use the net proceeds from this offering to acquire indebtedness or other securities of Vornado Realty L.P. Vornado Realty L.P. intends to use the net proceeds for working capital and other corporate purposes, which may include redemption of outstanding securities. Pending such use, the net proceeds may be invested in short-term income-producing investments.

VORNADO REALTY TRUST AND VORNADO REALTY L.P.

We are a fully integrated real estate investment trust. We conduct our business through, and substantially all of our interests in properties are held by, Vornado Realty L.P. We are the sole general partner of, and owned approximately 89.9% of the common limited partnership interests in, Vornado Realty L.P. as of December 31, 2006.

As of December 31, 2006, through Vornado Realty L.P., we owned directly or indirectly all or portions of 116 office properties in the New York City metropolitan area (primarily Manhattan) and in the Washington, D.C. and northern Virginia area; 158 retail properties in 21 states, Washington, D.C. and Puerto Rico; the Merchandise Mart Properties portfolio, including the Merchandise Mart in Chicago; a 47.6% interest in Americold Realty Trust, which owns and operates 91 cold storage warehouse facilities nationwide; a 32.9% interest in Toys "R" Us, Inc.; 32.8% of the outstanding common stock of Alexander's, Inc.; the Hotel Pennsylvania in New York City; mezzanine loans to real estate related companies; and interests in other real estate, including interests in other public companies that own and manage office, industrial and retail properties net leased to major corporations and student and military housing properties throughout the United States; 7 dry warehouse/industrial properties in New Jersey containing approximately 1.5 million square feet; and other investments and marketable securities.

CAPITALIZATION OF VORNADO REALTY TRUST

The following table shows our capitalization as of December 31, 2006 on a historical basis and on an as adjusted basis to give effect to (1) this offering and (2) the application of the estimated net proceeds of this offering as described under "Use of Proceeds" below. You should read the information included in the table in conjunction with our consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC and incorporated by reference in the accompanying prospectus.

	As of December 31, 2006	
	Historical	As Adjusted
	(unaudited) (in thousands)	
Debt:		
Mortgage and other indebtedness	\$ 6,886,884	\$ 6,886,884
Senior unsecured notes (accreted carrying amount of \$1,197,393)	1,196,600	1,196,600
Exchangeable senior debentures	491,231	491,231
Convertible senior debentures	980,083	980,083
Convertible senior debentures offered hereby		1,400,000
Revolving credit facility		
Total Debt	9,554,798	10,954,798
Minority interest, including unitholders of the Operating Partnership	1,128,204	1,128,204
Total Shareholders' Equity	6,150,770	6,150,770
Total capitalization	16,833,772	18,233,772

PRICE RANGE OF OUR COMMON SHARES AND DISTRIBUTIONS

Our common shares are listed on the New York Stock Exchange under the symbol "VNO". The following table shows, for the periods indicated, the high and low closing sale prices of the common shares as reported by the New York Stock Exchange and the cash dividends paid per share in those periods.

	<u>High</u>	<u>Low</u>	<u>Closing</u>	<u>Dividends</u>
2004				
1st Quarter	\$ 60.48	\$ 53.16	\$ 60.48	\$ 0.71(1)
2nd Quarter	\$ 60.87	\$ 48.09	\$ 57.11	\$ 0.71
3rd Quarter	\$ 65.30	\$ 57.06	\$ 62.68	\$ 0.71
4th Quarter	\$ 76.40	\$ 64.05	\$ 76.13	\$ 0.76
2005				
1st Quarter	\$ 76.00	\$ 68.70	\$ 69.27	\$ 0.76(2)
2nd Quarter	\$ 81.25	\$ 69.43	\$ 80.40	\$ 0.76
3rd Quarter	\$ 88.64	\$ 81.48	\$ 86.62	\$ 0.76
4th Quarter	\$ 87.75	\$ 78.17	\$ 83.47	\$ 0.80(3)
2006				
1st Quarter	\$ 98.46	\$ 85.62	\$ 96.00	\$ 0.80
2nd Quarter	\$ 97.87	\$ 88.84	\$ 97.55	\$ 0.80
3rd Quarter	\$ 110.83	\$ 98.35	\$ 109.00	\$ 0.80
4th Quarter	\$ 129.49	\$ 107.93	\$ 118.04	\$ 0.85(4)
2007				
1st Quarter (through March 21, 2007)	\$ 135.75	\$ 117.36	\$ 124.97	\$ 0.85

- (1) Excluding a special capital gain dividend in the amount of \$0.16 per share paid in the first quarter of 2004.
- (2) Excluding a special capital gain dividend in the amount of \$0.05 per share paid in the first quarter of 2005.
- (3) Excluding a special capital gain dividend in the amount of \$0.77 per share paid in the fourth quarter of 2005.
- (4) Excluding a special capital gain dividend in the amount of \$0.54 per share paid in the fourth quarter of 2006.

Further dividends by us will be at the discretion of our Board of Trustees and will depend on our actual cash flow, our earnings, financial condition and capital requirements, the annual distribution requirements under REIT provisions of the Internal Revenue Code of 1986, as amended, and any other factors our Board of Trustees deems relevant. A principal factor in the determination of dividends is the requirement of the Internal Revenue Code that a REIT distribute at least 90% of its REIT taxable income as determined under the Internal Revenue Code. See "Federal Income Tax Considerations Taxation of Vornado Realty Trust as a REIT" in the accompanying prospectus for more information about this requirement.

Distributions by us to the extent of our current earnings and profits for federal income tax purposes are taxable to shareholders as ordinary dividend income. Distributions in excess of earnings and profits generally are treated as non-taxable return of capital to the extent of a shareholder's basis in the common shares. A return of capital distribution generally has the effect of deferring taxation until a shareholder's sale of common shares.

OUR CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

Our consolidated ratios of earnings to fixed charges for each of the fiscal years ended December 31, 2002, 2003, 2004, 2005 and 2006 are as follows:

	Year Ended December 31,				
	2002	2003	2004	2005	2006
Ratio of earnings to combined fixed charges and preference dividends (unaudited)	1.66	1.85	2.31	2.07	1.66

For purposes of calculating these ratios, (a) earnings represent income from continuing operations before income taxes, plus fixed charges, and (b) fixed charges represent interest expense on all indebtedness, including amortization of deferred debt issuance costs, and the portion of operating lease rental expense that management considers representative of the interest factor, which is one-third of operating lease rentals.

VORNADO REALTY L.P.'S CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

Vornado Realty L.P.'s consolidated ratios of earnings to fixed charges for each of the fiscal years ended December 31, 2002, 2003, 2004, 2005 and 2006 are as follows:

	Year Ended December 31,				
	2002	2003	2004	2005	2006
Ratio of earnings to combined fixed charges and preference dividends (unaudited)	1.88	2.08	2.50	2.11	1.69

For purposes of calculating these ratios, (a) earnings represent income from continuing operations before income taxes, plus fixed charges, and (b) fixed charges represent interest expense on all indebtedness, including amortization of deferred debt issuance costs, and the portion of operating lease rental expense that management considers representative of the interest factor, which is one-third of operating lease rentals.

DESCRIPTION OF DEBENTURES AND GUARANTEE

We will issue the debentures, and Vornado Realty L.P. will issue the guarantee, pursuant to a senior debt indenture, which we refer to as the "indenture." The indenture is a contract among us, Vornado Realty L.P. as the guarantor of the debentures, and The Bank of New York, which will initially act as trustee. You may request a copy of the indenture at our address set forth under the caption "Available Information" in the accompanying prospectus. The following description of the particular terms of the debentures offered by this prospectus supplement and of the guarantee of the debentures adds information to, and to the extent inconsistent therewith, supersedes the description of the general terms and provisions of debt securities under the heading "Description of Debt Securities" and the description of the general terms and provisions of the guarantee under the heading "Description of Vornado Realty L.P. Guarantee" in the accompanying prospectus. In this description of debentures, the words "we," "our," "ours" and "us" refer only to Vornado Realty Trust and not to any of its subsidiaries, including Vornado Realty L.P. Capitalized terms used herein but not defined shall have the meanings given to them in the indenture.

General

The debentures are unsecured and rank equally among themselves and with all of our other unsecured and unsubordinated indebtedness. The debentures will be limited initially to \$1,400,000,000 aggregate original principal amount (plus up to \$210,000,000 aggregate original principal amount issuable upon exercise of the underwriters' over-allotment option) and will be issued only in registered form without coupons in denominations of \$1,000 original principal amount and any integral multiple of \$1,000 above that amount. The debentures will mature on March 15, 2027, unless earlier redeemed by us at our option or repurchased by us at a holder's option, on certain dates each as described under "Redemption Rights," "Repurchase Rights" or "Repurchase at Option of Holders upon a Change in Control," or converted at a holder's option as described below under "Conversion Rights."

The debentures are fully and unconditionally guaranteed by Vornado Realty L.P. as to all payments due on the debentures. See "Guarantee" below for a more detailed description of Vornado Realty L.P.'s guarantee.

The debentures will bear interest at a rate of 2.85% per year. Interest will be payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2007, to the person in whose name a debenture is registered at the close of business on March 1 and September 1, as the case may be, immediately preceding the relevant interest payment date. Each payment of interest will include interest accrued for the period, which we refer to as an interest period, commencing on and including the immediately preceding interest payment date (or, if none, the date of original issuance of the debentures) to but excluding the applicable interest payment date. Interest on the debentures will be based on a 360-day year consisting of twelve 30-day months. If any interest payment date (other than an interest payment date coinciding with the stated maturity date or redemption date or repurchase date) of a debenture falls on a day that is not a business day, such interest payment date will be postponed until the next succeeding business day. If the stated maturity date, redemption date or repurchase date of a debenture would fall on a day that is not a business day, the required payment of interest, if any, and principal will be made on the next succeeding business day and no interest on such payment will accrue for the period from and after the stated maturity date, redemption date or repurchase date to such next succeeding business day. The term "business day" means, with respect to any debenture, each Monday, Tuesday, Wednesday, Thursday and Friday, other than a day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

Accrued interest on a debenture will be deemed to be paid by delivery of the consideration due to the converting holder. No other payment or adjustment will be made for accrued interest on a converted debenture or for dividends or distributions on our common shares issued upon conversion of a debenture.

We will not be subject to any financial covenants under the indenture. In addition, the indenture will not restrict our ability to pay distributions, incur debt or issue or repurchase our securities or Vornado Realty L.P.'s ability to pay distributions, incur debt, guarantees or issue or repurchase securities of Vornado Realty L.P.

Except to the extent necessary to preserve our status as a real estate investment trust, the debentures will be redeemable prior to maturity only on or after March 20, 2012 and as described below under "Redemption Rights," and do not have the benefit of a sinking fund. Principal of and interest on the debentures will be payable at the office of the paying agent, which initially will be the trustee. If certain conditions have been satisfied, the debentures may be presented for conversion at the office of the conversion agent, and for registration of transfer or exchange at the office of the registrar, each such agent initially being the trustee. No service charge will be made for any registration of transfer or exchange of debentures, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

You will have the option, subject to fulfillment of certain conditions described below, to convert your debentures for cash, common shares of beneficial interest, \$0.04 par value per share, of Vornado Realty Trust ("Common Shares"), if any, or a combination of cash and Common Shares, at an initial conversion rate of 6.1553 Common Shares per \$1,000 principal amount of debentures. This is equivalent to an initial conversion price of approximately \$162.46 per Common Share. The conversion rate is subject to adjustment if certain events occur, as described under the caption "Conversion Rate Adjustments." Upon conversion of a debenture, a holder will not receive any cash payment of interest (unless such conversion occurs between a regular record date and the interest payment date to which it relates) and we will not adjust the conversion rate to account for accrued and unpaid interest. Our delivery to the holder of cash and Common Shares will be deemed to satisfy our obligation with respect to such debenture. Accordingly, any accrued but unpaid interest will be deemed to be paid in full upon conversion, rather than cancelled, extinguished or forfeited. For a discussion of the tax treatment to a holder of receiving our Common Shares upon conversion, see "Supplemental Federal Income Tax Considerations."

If you convert debentures after a record date for an interest payment but prior to the corresponding interest payment date, you will receive on the interest payment date interest accrued on those debentures, notwithstanding the conversion of debentures prior to the interest payment date, assuming the holder was the holder of record on the corresponding record date. However, you agree, by accepting a debenture, that if you surrender any debentures for conversion during such period, you must pay us an amount equal to the interest that has accrued and that will be paid on the debentures being converted on the interest payment date. The preceding sentence does not apply to debentures that are converted after being called by us for redemption after a record date for an interest payment date or that are converted after the last record date for the payment of interest on the debentures. If in such case prior to the redemption date you choose to convert your debentures, you will not be required to pay us at the time you surrender your debentures for conversion the amount of interest on the debentures you will receive on the date that has been fixed for redemption.

No principal, shareholder, officer, director, trustee or employee of Vornado Realty Trust has any obligation for payment of the debentures or for any of our obligations, covenants or agreements contained in the debentures or the indenture. By accepting the debentures, you waive and release all liability of this kind. The waiver and release are part of the consideration for the issuance of the debentures.

We may, without the consent of the holders, reopen the debentures and issue additional debentures under the indenture with the same terms and with the same CUSIP number as the debentures offered hereby in an unlimited aggregate principal amount, provided that no such additional debentures may be issued unless fungible with the debentures offered hereby for U.S. federal income tax purposes. We may also from time to time repurchase the debentures in open market purchases or negotiated transactions at varying prices without prior notice to holders.

The terms of the debentures provide that we are permitted to reduce interest payments otherwise payable to a holder for any amounts we are required to withhold by law. For example, United States alien debt security holders of debentures may, under some circumstances, be subject to U.S. federal withholding tax with respect to payments of interest on the debentures. See "Federal Income Tax Considerations Taxation of Holders of Most Debt Securities Backup Withholding and Information Reporting" in the accompanying prospectus. Moreover, holders of convertible debt instruments such as the debentures may, in certain circumstances, be deemed to have received distributions of stock if the conversion price of such instruments is adjusted even though such holders have not received any cash or property as a result of such adjustments, which deemed distribution (in the case of a non-U.S. holder) will be subject to a U.S. federal withholding tax. See "Supplemental Federal Income Tax Considerations United States Alien Debt Security Holders Constructive Dividend." We will set off any such withholding tax that we are required to pay against payments of interest payable on the debentures.

Guarantee

The debentures are fully and unconditionally guaranteed by Vornado Realty L.P. as to all payments due on the debentures whether at their stated maturity date, by acceleration, redemption, repayment or otherwise in accordance with the terms of such guarantee and the indenture. In the case of the failure of Vornado Realty Trust to pay punctually any principal, premium or interest on the debentures, Vornado Realty L.P. will cause any such payment to be made as it becomes due and payable, whether at maturity, upon acceleration, redemption, repayment or otherwise.

Neither any limited or general partner of Vornado Realty L.P., including Vornado Realty Trust in its capacity as general partner, nor any principal, shareholder, officer, director, trustee or employee of any limited or general partner of Vornado Realty L.P. or of any successor of any limited or general partner of Vornado Realty L.P. has any obligation for payment of Vornado Realty L.P.'s obligations under the guarantee or for any of Vornado Realty L.P.'s obligations, covenants or agreements contained in the guarantee or the indenture. By accepting the debt securities and the related guarantee, you waive and release all liability of this kind. The waiver and release are part of the consideration for the issuance of the guarantee.

Ranking

The debentures are unsecured and rank equally among themselves and with any unsecured and unsubordinated indebtedness that is currently outstanding or that we may issue in the future. The obligations of Vornado Realty L.P. under the guarantee are unsecured and rank equally with any unsecured and unsubordinated indebtedness of Vornado Realty L.P. that is currently outstanding or that it may issue in the future. The debentures will be effectively subordinated to any secured indebtedness and, except to the extent of the guarantee of Vornado Realty L.P., to indebtedness, including mortgages and other secured indebtedness, and other liabilities of our subsidiaries, from time to time outstanding. The obligations of Vornado Realty L.P. under the guarantee will be effectively subordinated to any secured indebtedness and to indebtedness, including mortgages and other secured indebtedness, and other liabilities of Vornado Realty L.P.'s subsidiaries, from time to time outstanding. As of December 31, 2006, there was \$6,886,884,000 of indebtedness issued by subsidiaries of ours (other than Vornado Realty L.P.) that is structurally senior to the debentures and there was \$1,700,000,000 of

indebtedness issued by Vornado Realty L.P. that ranks equally with the obligations of Vornado Realty L.P. under the guarantee. As of the date of this offering, we have issued and outstanding \$1,000,000,000 principal aggregate amount of unsecured and unsubordinated indebtedness, all of which is guaranteed by Vornado Realty L.P. We are a guarantor under a \$1.0 billion revolving credit agreement of Vornado Realty L.P. and as of December 31, 2006 there were no outstanding borrowings thereunder.

Voting Rights

Holders of debentures will have no voting rights as our shareholders.

Redemption Rights

We must repay the debentures at their stated maturity on March 15, 2027 unless earlier redeemed, repurchased or converted in accordance with the terms of the debentures. The circumstances in which we may, or we are required to, redeem the debentures prior to their stated maturity are described below.

We will not have the right to redeem any debentures prior to March 20, 2012, except to preserve our status as a real estate investment trust. We will have the right to redeem for cash the debentures in whole or in part, at any time or from time to time, on or after March 20, 2012, upon not less than 30 nor more than 60 days' prior notice by mail to the registered holders of the debentures, at 100% of the aggregate principal amount of the debentures plus accrued and unpaid interest, if any, to the redemption date.

If we decide to redeem fewer than all of the outstanding debentures, the trustee will select the debentures to be redeemed on a *pro rata* basis.

If we determine it is necessary to redeem the debentures in order to preserve our status as a real estate investment trust, we may redeem all of the debentures then outstanding at 100% of the principal amount of the debentures plus accrued and unpaid interest, if any, to the redemption date. The conversion date is the date on which you deliver an irrevocable conversion notice, together, if the debentures are in certificated form, with the certificated security to the conversion agent.

If the trustee selects a portion of your debenture for partial redemption and you convert a portion of the same debenture, the converted portion will be deemed to be from the portion selected for redemption.

In the event of any redemption in part, we will not be required to:

issue or register the transfer or exchange of any debenture during a period beginning at the opening of business 15 days before any selection of debentures for redemption and ending at the close of business on the earliest date on which the relevant notice of redemption is deemed to have been given to all holders of debentures to be so redeemed, or

register the transfer or exchange of any debenture so selected for redemption, in whole or in part, except the unredeemed portion of any debenture being redeemed in part.

No sinking fund is provided for the debentures, which means that the indenture does not require us to redeem or retire the debentures periodically.

We or a third party may, to the extent permitted by applicable law, at any time purchase debentures in the open market, by tender at any price or by private agreement. Any debenture that we purchase or third party purchases may, to the extent permitted by applicable law and subject to restrictions contained in the underwriting agreement with the underwriters, be reissued or resold or may, at our or such third party's option, be surrendered to the trustee for cancellation. Any debentures surrendered for cancellation may not be reissued or resold and will be canceled promptly.

Conversion Rights

Subject to the restrictions on ownership of Common Shares and the conditions described below, holders may convert their debentures for cash, Common Shares, if any, or a combination of cash and Common Shares, at our option, initially at a conversion ratio of 6.1553 Common Shares per \$1,000 principal amount of debentures (equivalent to an initial conversion price of \$162.46 per share). The conversion ratio and the equivalent conversion price in effect at any given time are referred to in this prospectus supplement as the "conversion rate" and the "conversion price," respectively, and will be subject to adjustment as described below.

We will not deliver fractional Common Shares upon the conversion of the debentures. Instead, we will pay the cash value of such fractional shares based upon the closing sale price of Common Shares on the business day immediately preceding the conversion date. The conversion date is the date on which you deliver an irrevocable conversion notice, together, if the debentures are in certificated form, with the certificated security to the conversion agent.

If a debenture has been called for redemption, holders will be entitled to convert such debenture from the date of notice of the redemption until the close of business on the second business day immediately preceding the date of redemption. The right to convert will expire at that time, unless we default in making the payment due upon redemption. A holder may convert fewer than all of such holder's debentures so long as the debentures converted are an integral multiple of \$1,000 principal amount.

In the case of a holder of a definitive debenture, upon surrender of a debenture for conversion into Common Shares, such holder shall deliver to us cash equal to the amount that we are required to deduct and withhold under applicable law in connection with the conversion; *provided, however*, if the holder does not deliver such cash, we may deduct and withhold from the amount of cash otherwise deliverable to such holder the amount required to be deducted and withheld under applicable law (and not otherwise delivered by the holder in cash).

Holders may surrender their debentures for conversion for cash, Common Shares, or a combination of cash and Common Shares, at our option, at the applicable conversion rate prior to the close of business on the second business day prior to stated maturity at any time on or after March 15, 2026 and also under any of the following circumstances:

during any measurement period (as defined below), if at any time the closing sale price of a share of Common Shares is more than 125% of the conversion price per share on the first day of such measurement period for at least 20 trading days in the period of 30 consecutive trading days beginning on the first day of such measurement period;

during the five consecutive trading-day period following any 20 consecutive trading-day period in which the average of the trading prices for a debenture was less than 98% of the average closing sale price of Common Shares multiplied by the applicable conversion rate;

if we have called such holders' debentures for redemption, at any time prior to the close of business two business days prior to the redemption date;

during prescribed periods upon the occurrence of specified transactions discussed below; or

if the Common Shares are not listed on a U.S. national securities exchange for 30 consecutive trading days.

A "measurement period" is the period from and including the 11th trading day in a fiscal quarter up to but excluding the 11th trading day of the following quarter.